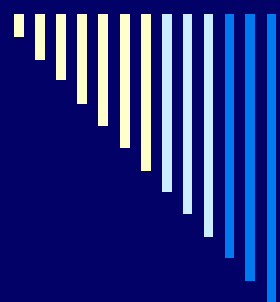


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# **The Preservation of Affordable Housing in Fairfax County**

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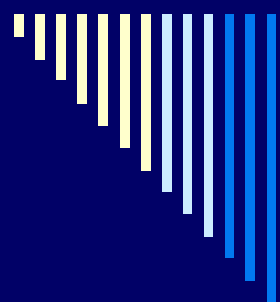
# Preservation Initiative

*To meet the challenge of preserving the County's diminishing supply of affordable housing, a Preservation Initiative is being undertaken...*

- \$4 million commitment to preservation
- A goal of 1000 units to be preserved in 3 years

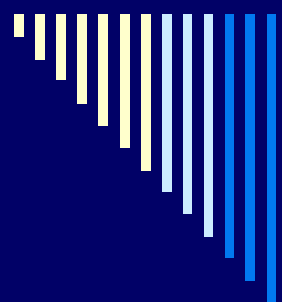
*As of September 2004, 246 units were preserved at the Island Walk and Beacon Hill properties.*

- Preservation Forum
  - Affordable Housing Preservation Action Committee
  - Preservation Tax Abatement
  - Preservation for Homeowners
-



## Preservation Initiative, (cont.)

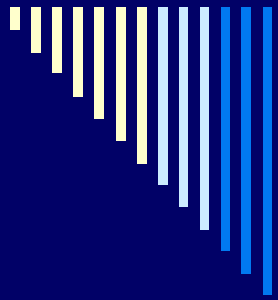
- **\$4 million commitment to preservation**
  - *The Preservation Loan Fund* will enable non-profit developers to acquire modest rent apartment developments that would otherwise be at risk of being lost from the supply of affordable housing in Fairfax County.
    - **One million dollars** in Fairfax County Housing Trust Funds will leverage **an equal amount** in private investment from the County's new partners: The Housing Partnership Network and The National Housing Trust.
    - **Another \$1 million** has been dedicated from the Fairfax County Housing Trust Fund to provide incentives to property owners to encourage them to keep their properties affordable.
    - In addition, **\$1 million** from the Fairfax County Housing Trust Fund is earmarked for acquisition and preservation of affordable housing.



# Island Walk

## □ The Background

- Developed in the late 1970's by the Fairfax County Redevelopment and Housing Authority
  - First Section 8 Limited Equity Cooperative
  - Privately owned and managed limited equity housing cooperative
  - 102 townhouse units - two to four bedrooms
  - 13 buildings, 12 residential and 1 as an office and community center
  - Located on 7.4 acres in Reston
  - Ownership of Island Walk was transferred to the cooperative in June 1980 upon completion of construction
-



# The Community

- ❑ Reston is a planned community in the Hunter Mill District of Fairfax County
- ❑ Reston has more than 2,400 corporations and national associations such as Oracle, Shell, Accenture and TRW
- ❑ Reston is a product of the New Town development concept and was designed in the 1960s and 1970s to provide a planned community environment



# The Residents

- As of August 2004, there are 292 residents living at Island Walk receiving project-based Voucher assistance.
- Average income of residents: \$20,500
  - 82% very low income
  - 18% low income
- Ethnic origins of residents:
  - Hispanic or Latino 14%
  - Caucasian 53%
  - Black or African American 40%
  - Asian 7%

# The Property Exterior



- Over the last twenty-five years, under private management, Island Walk experienced deferred maintenance. In 2003, the community realized that Island Walk required extensive physical improvements.

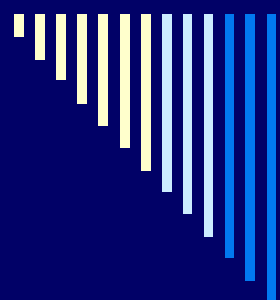
# The Property Interior



## □ Needed repairs and improvements:

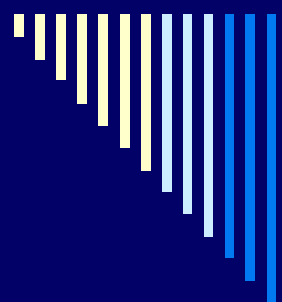
- Roof replacement
- New exterior siding and windows,
- Replacement of wood structural components due to damage caused by prolonged water infiltration
- Bathroom and kitchen rehabilitation.





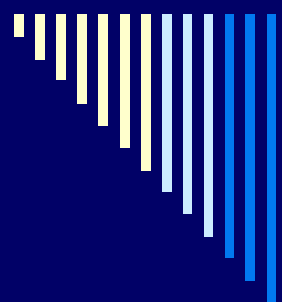
# The Variables

- ❑ The Cooperative had limited financial resources and governing capacity.
- ❑ Over time the residents saw themselves less as members of a cooperative, and more as tenants of a rental project.
- ❑ The feasibility of demolition and new construction at Island Walk was low.
- ❑ There was the need to preserve affordable housing.
- ❑ There was community support for the cooperative.



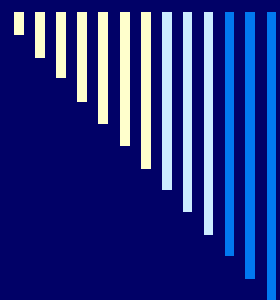
# The Partnership

- ❑ The Cooperative needed a partner with capacity.
- ❑ Execution of a Purchase and Sale Agreement between Island Walk Cooperative and Community Preservation Development Corporation (CPDC) in May 2003.
- ❑ Island Walk Limited Partnership formed– to take advantage of federal low-income housing tax credits
- ❑ Existing members of Cooperative remain as tenants
- ❑ At end of tax credit compliance period – Cooperative has right to purchase – if not executed then FCRHA has purchase right on same terms



# The Sources of Financing

- The Fairfax County Redevelopment and Housing Authority (FCRHA) provided much of the financing for the rehabilitation of Island Walk.
  - Tax Exempt Multi-Family Bonds - \$9,075,000
  - Risk-Share FHA Insurance
  - Tax Credit Equity - \$3,541,637 (4% Credits)
  - Fairfax County Affordable Housing Partnership Fund - \$500,000
  - HOME Investment Partnerships- \$1,000,000
  - Predevelopment Funding
  - Other Financing - \$1,891,263
    - Washington Area Trust Fund
    - Deferred Fees

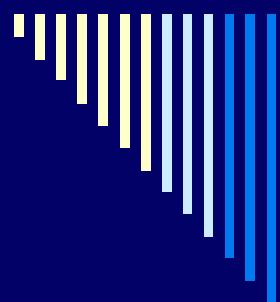


# The Construction Plan

- Renovation will occur in five phases and consists of:
  - New trussed roof structure
  - Removal of the existing T-111 cladding and re-cladding with durable Hardi-plank cement-based siding, a combination of new vinyl siding and masonry
  - Replacement of all windows; conversion of balconies to include more usable space; provision of new heat pumps, ductwork, and domestic water and waste piping
  - Changes in the building envelope to increase the size of the first floor in some units to add kitchen area and a more attractive entry space
  - Renovation of the community center

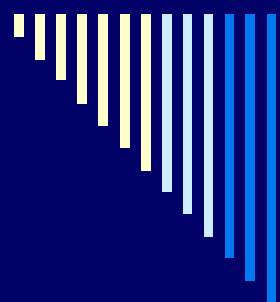
# The Construction Plan





# The Relocation Plan

- Through the phases, various households will be relocated to allow for the renovations to occur:
    - Households will be relocated to apartments at neighboring apartment complexes.
    - Each household will be relocated for approximately two months.
    - The relocation plan ensures that tenants will incur no costs in the relocation other than their current rent and utility charges.
    - CPDC has budgeted more than \$500,000 for relocation expenses.
-



# Beacon Hill Apartments

- The FCRHA has entered into a new Extended Affordability Agreement to preserve affordable housing in the Beacon Hill community until 2011.
  - Original terms only required Beacon Hill to maintain affordable rent rates until the year 2006. However, the new Extended Affordability Agreement provides that Beacon Hill will maintain 50% of the existing affordable dwelling units with restrictions on rent increases for an additional five years after the original bonds are paid off in 2006.
  - This results in 144 units that will be maintained at an affordable rate until 2011 at the Beacon Hill location.
-



# Preservation Initiative

- **Preservation Forum**

- On June 2, 2004, the Board of Supervisors hosted a Preservation Forum in partnership with the FCRHA, AHOME and Freddie Mac. This Forum convened the development community, large property owners, non-profit organizations, advocacy groups, state and local political leadership and others committed to the preservation of affordable housing to discuss this important issue.

- **Affordable Housing Preservation Action Committee**

- The Board of Supervisors appointed a Preservation Action Committee that will respond to the recommendations resulting from the Preservation Forum. The Committee will conduct its work through the summer and fall, issuing a final report with recommended action steps to be presented to the Board of Supervisors in early 2005.

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# Preservation Initiative

- **Preservation Tax Abatement**

- The Board of Supervisors established a Preservation Tax Abatement incentive for owners of multifamily rental properties 20 years and older. Under the tax abatement provisions, the tax increase on improvements that increase the value by 25% or more will be abated for 10 years as long as the units remain affordable.

- **Preservation for Homeowners**

- Fairfax County Home Improvement Loan Program (HILP) will be ramped up over the next 18 months to increase the number of home improvement loans to low and moderate income homeowners. In addition, the program will be redesigned to add a “purchase/rehab” component and financing assistance for condominium units, common area improvements and assistance to homeowner clusters.

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